



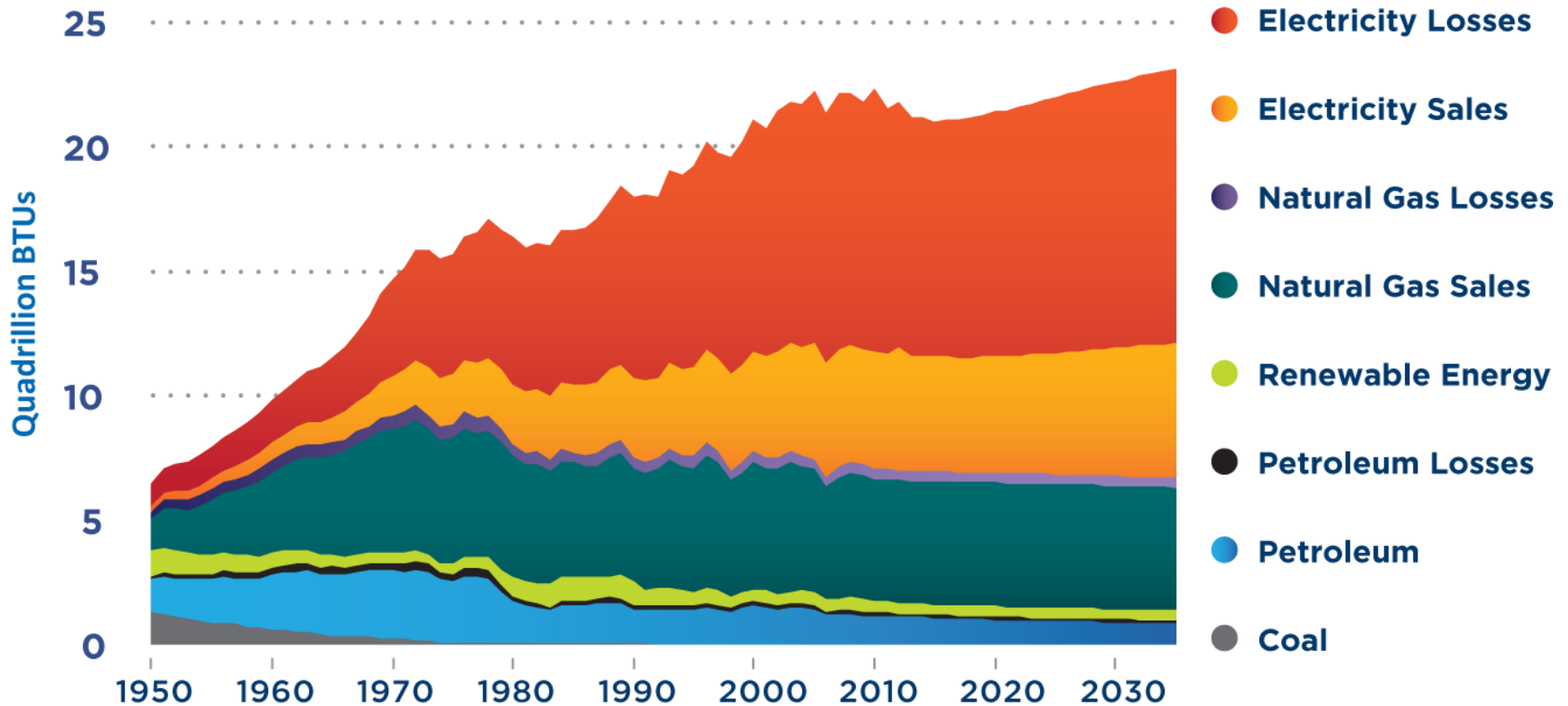
October 9, 2014

DOE Furnace Standard Stakeholder Workshop

Melissa E. Adams, Division Head, Sustainability & Economic Development
Washington Gas
Chair, AGA Sustainable Growth Committee

Rick Murphy, Managing Director
American Gas Association

Natural Gas LDC's: Delivering Energy Productivity



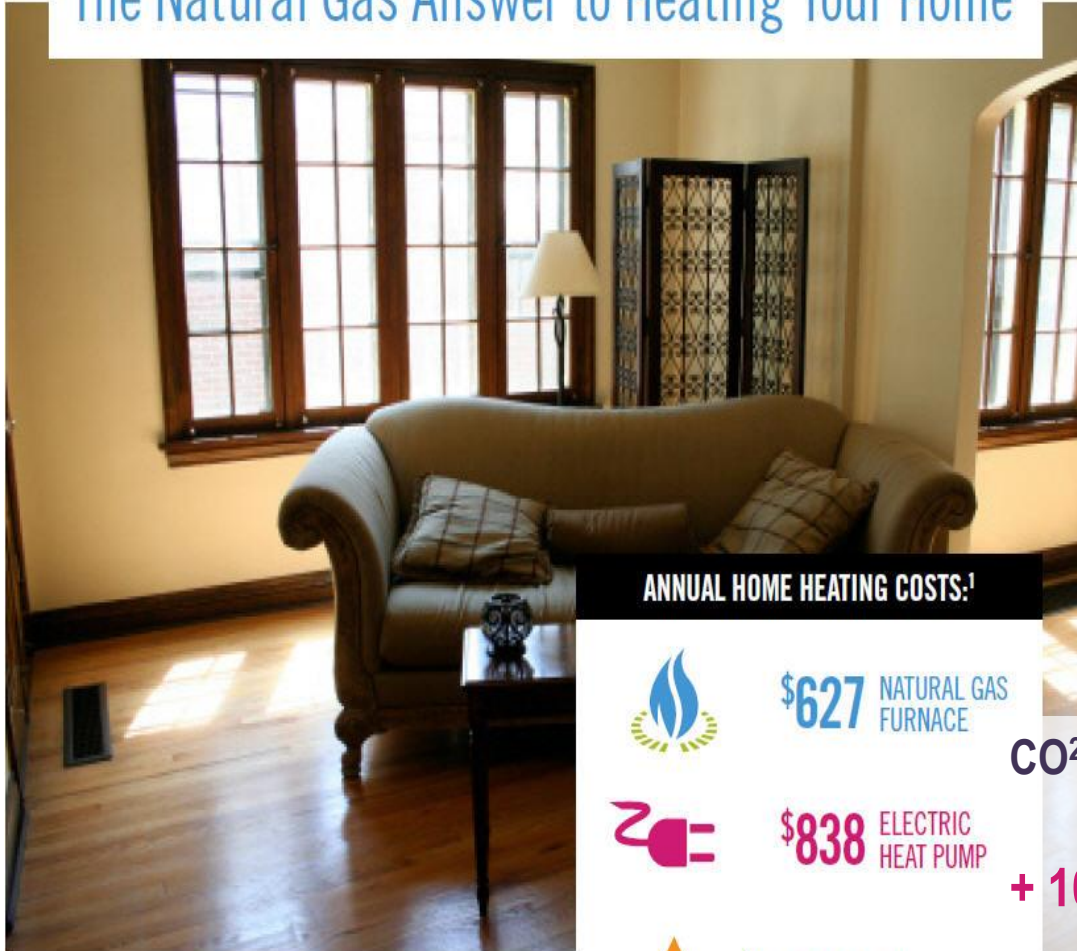
The loss of usable energy associated with electricity equals about half of the total energy consumed in the residential and commercial sectors. Natural Gas LDCs provide efficient, affordable direct natural gas service to over 67 million homes.

Natural Gas Utility Business Models Promote Energy Efficiency

- Washington Gas is ***Unbundled***
 - Gas distribution and gas supply charges are separate
 - Gas distribution charges are regulated by PUCs
 - Customers may choose a competitive gas supplier
 - Utility receives no profit on gas commodity
- Washington Gas is ***Decoupled***
 - Distribution rates support energy efficiency
 - Revenue is not based on volumetric rates
 - Benefits customers and the environment

... and Energy Literacy and Customer Outreach

The Natural Gas Answer to Heating Your Home



ANNUAL HOME HEATING COSTS:¹



\$627 NATURAL GAS
FURNACE



\$838 ELECTRIC
HEAT PUMP



\$1,767 OIL
FURNACE

CO₂ Pounds/Year

+ 10,075

+ 2,761



NATURAL GAS HEAT IS CLEANER, MORE
COMFORTABLE AND MORE ECONOMICAL

... with Rebates & Incentives to Encourage Wise Energy Use and Efficient Appliances

Natural Gas. Efficient by Nature.

It couldn't be a better time to replace your old furnace.

\$200 WASHINGTON GAS REBATE
\$200 TRANE INSTANT REBATE
+ \$150 FEDERAL TAX CREDIT
\$550 SAVINGS!




Washington Gas
A WGL Company


Over \$100,000
in rebates available



Rebates for Virginia Customers



PROGRAMMABLE THERMOSTATS



NATURAL GAS FURNACES

Every business
could use a break.

Let yours come in the
form of a rebate.



Rebates for
Virginia businesses.



Natural Gas. Efficient by Nature.

PROGRAMMABLE
THERMOSTATS
\$30 Rebate



Enjoy Added
Comfort and
Save On
Utility Costs

Washington Gas

Natural Gas. Efficient by Nature.

NATURAL GAS
FURNACES
\$200 Rebate



In addition, natural
gas furnaces qualify
for Federal tax
credits up to \$150¹.
Click here to learn
more.

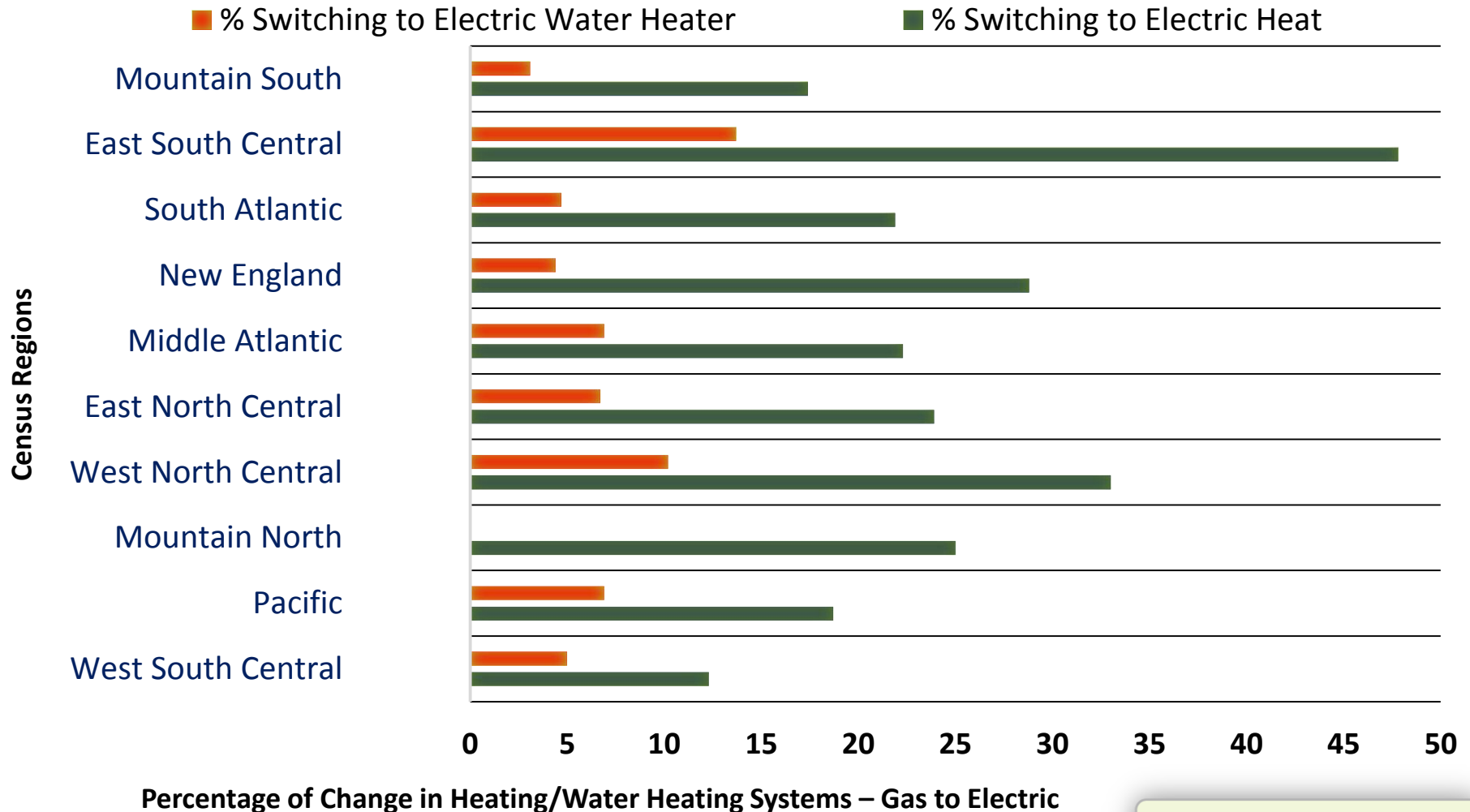
Washington Gas

1 Learn more at
washingtongasvirginia.com/federtaxcredits.xml

Data indicates that a mandatory condensing furnace standard would limit these benefits

Contractor/Builder Survey - Regional Results

A Condensing Furnace Standard Would Prompt a Significant Amount of Switching from Natural Gas Heating and Water Heating Systems

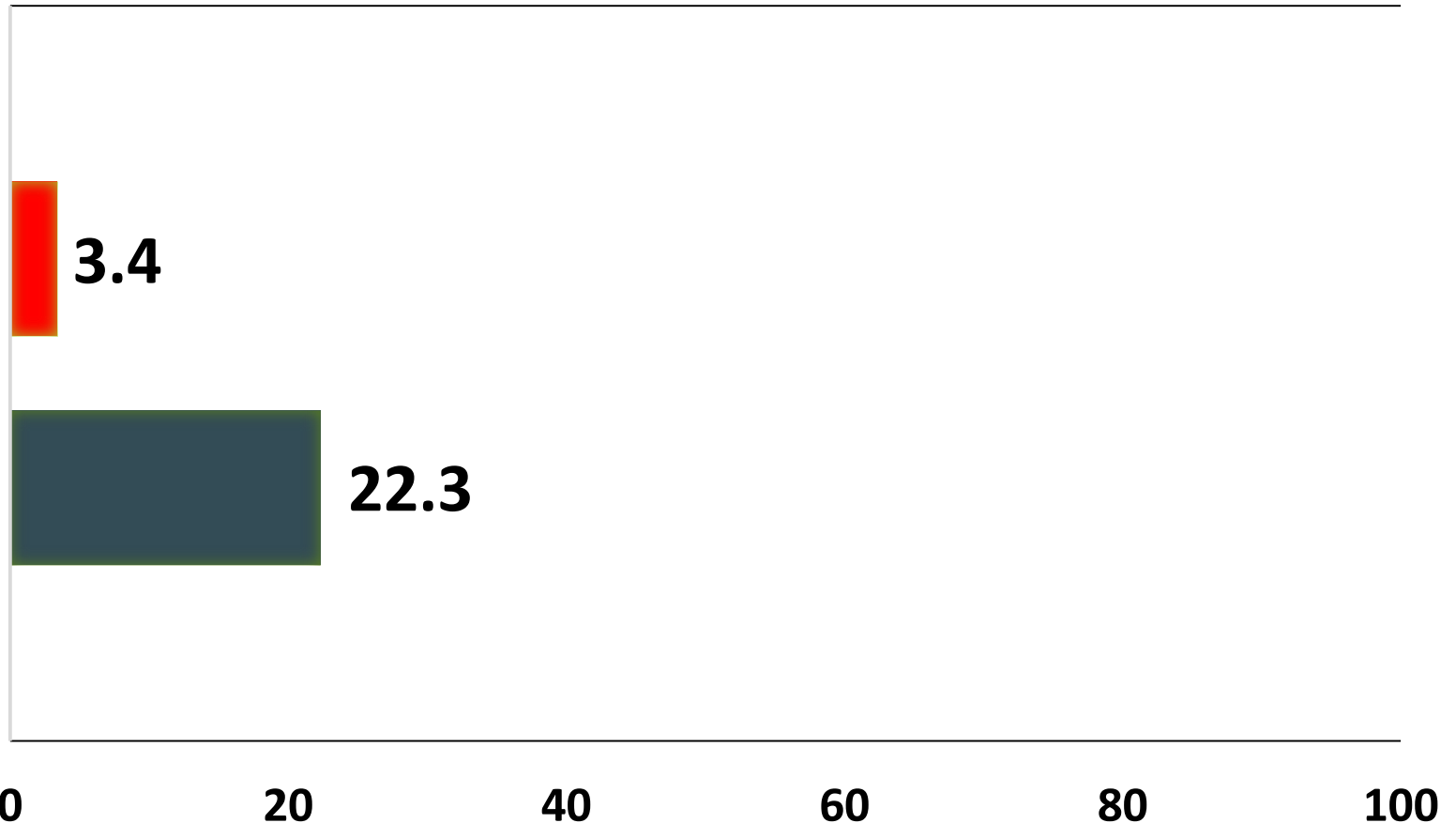


Contractor/Builder Survey - National Results

■ % Switching to Electric Water Heater ■ % Switching to Electric Heat

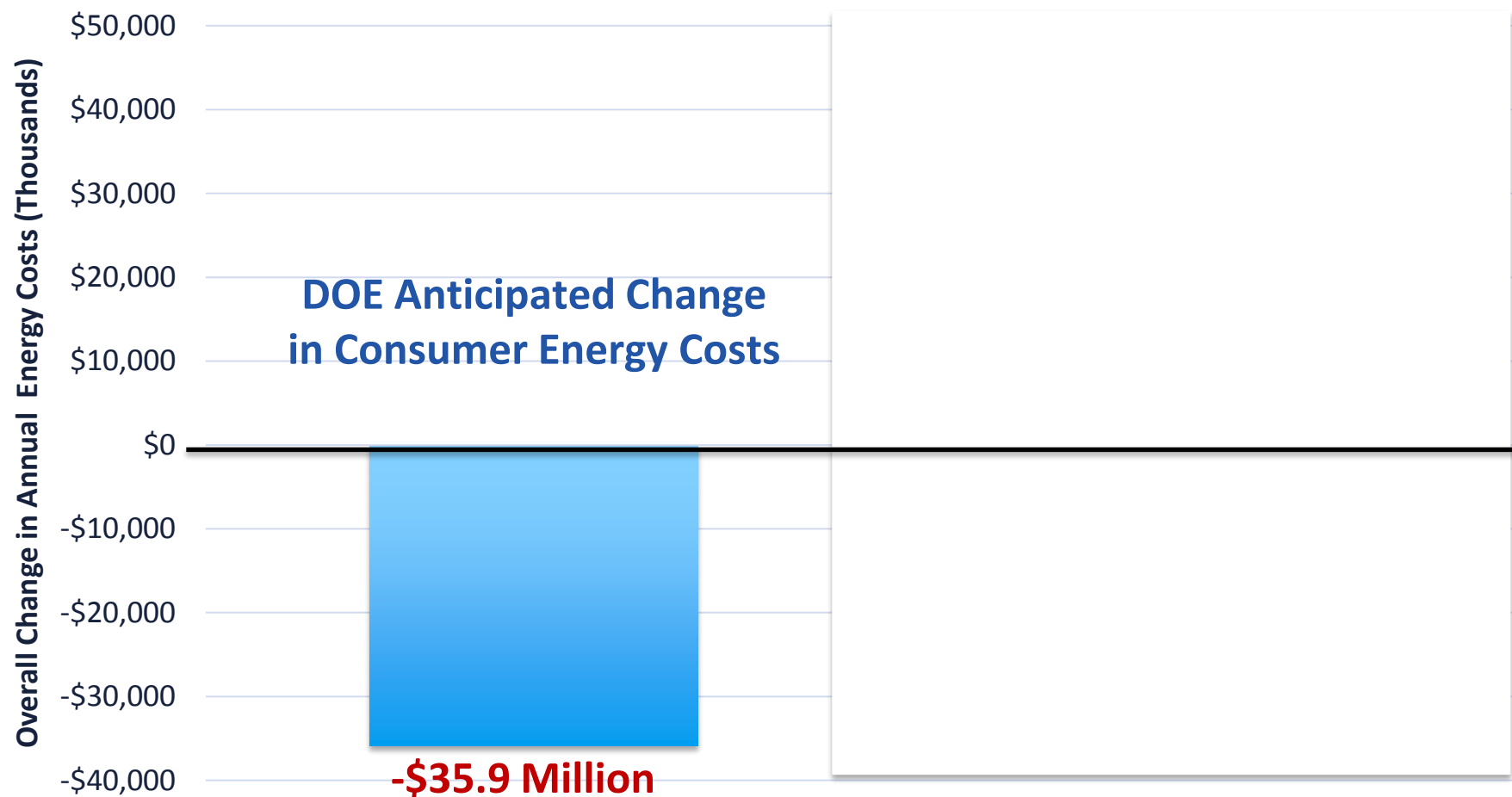
National Rollup of Census Regions

All



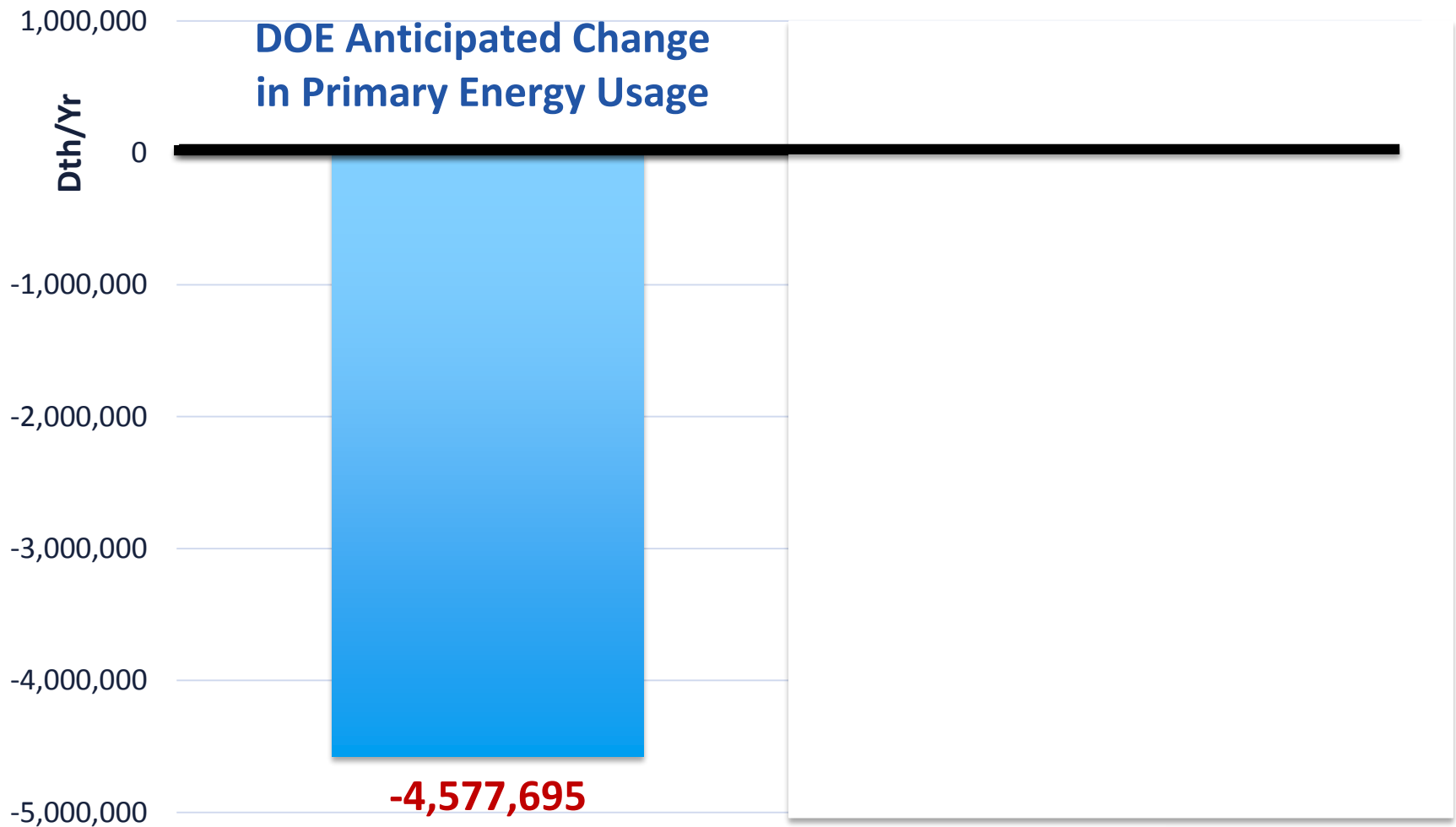
Percentage of Change in Heating/Water Heating Systems – Gas to Electric

Consumer Costs: Delivering Benefits or Adding Costs?

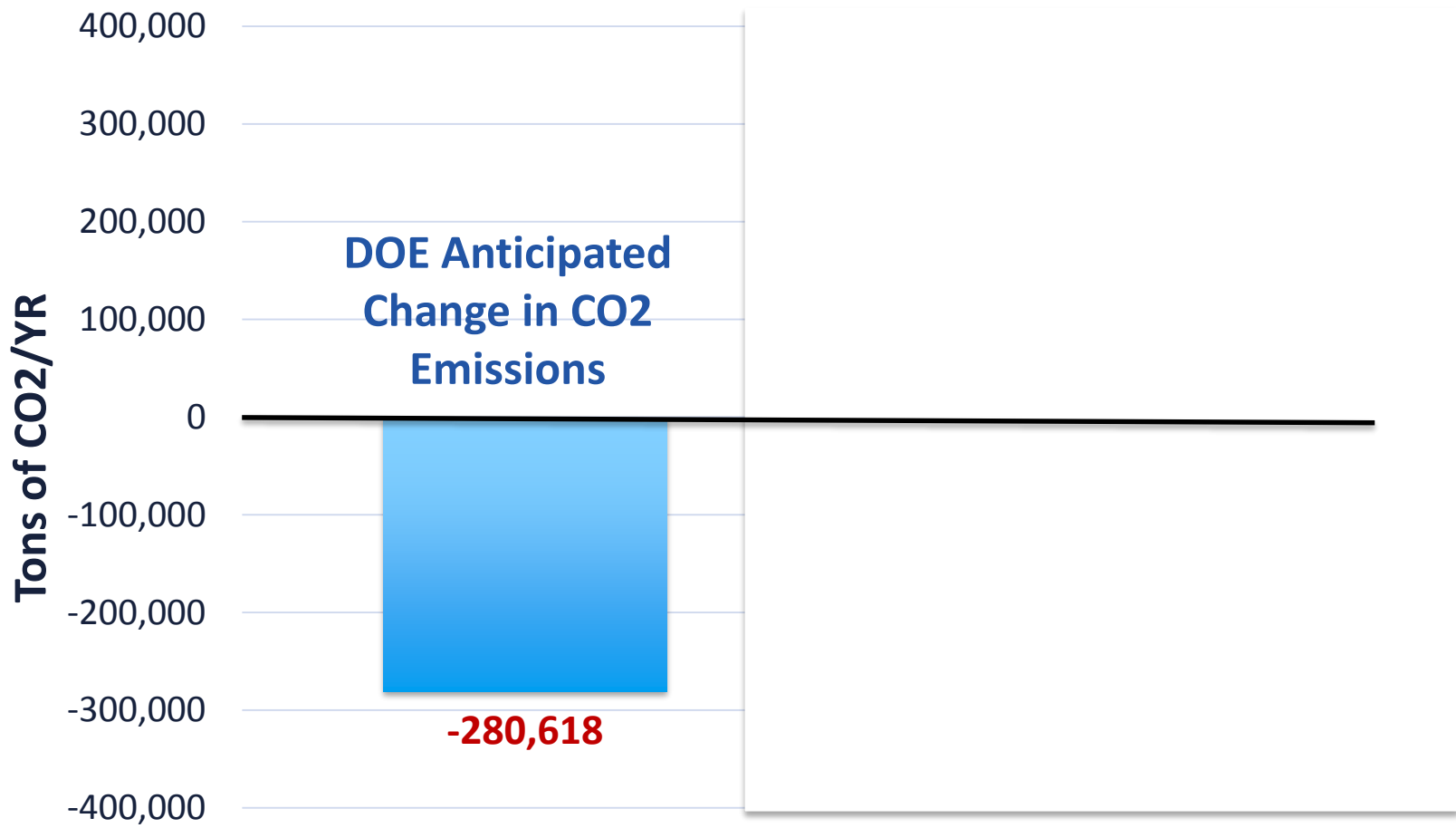


* Energy costs calculated using marginal natural gas and electricity rates.

Energy Usage: Reducing or Increasing Overall Consumption?



Carbon Emissions: Improving the Environment or Increasing CO₂ ?



Questions/Discussion



What We Have Learned

- ✓ Contractor and builder survey responses indicate a growing number of electric appliance installations with a national or regional condensing furnace standard
 - Primary factors driving the change include:
 - First cost premiums for equipment and installation (venting and condensate disposal) for natural gas condensing furnaces
- ✓ Changes in system choice would *undermine* our commitment to:
 - Reduce customer energy costs
 - Improve the efficiency of how we use energy
 - Achieve nationwide emissions reductions
- ✓ It is important to understand the regional impacts of changes in system choice
 - Eight out of the ten regions see substantially diminished benefits and increased costs
 - Impacts are especially significant in northern regions of the country.